3; Hiscocks G-4, 5 (1946-1949) 1953 EK1 Austria EK1

PREFACE

THE idea of writing this book came to me after a talk given early in 1951 to the Winnipeg Branch of the Canadian Institute of International Affairs. It was clear on that occasion that a well-informed group of Canadians knew little about Austria and that their potential interest in the subject was considerable.

As a student of international relations I have frequently felt the need of the kind of objective general study of contemporary conditions in another part of the world that this book sets out to be. If we keep moving in the right direction, the obligations of twentieth-century citizenship will extend increasingly beyond national politics. And political obligations, international in scope, can only be satisfactorily fulfilled on a basis of widening knowledge.

Post-War Austria is a subject both interesting in itself and typical of the troubled continent of which it is the geographical centre. Its importance to Europeans needs no emphasis, but it is a subject also of particular significance to the people of North America, who have emerged from the War with greater relative wealth and increased productive capacity.

Two things are required by the author of the type of study I have mentioned: versatility and leisure to do maximum justice to a moving scene. These I have not possessed in the measure in which they are needed. To present a balanced picture I have had to deal with subjects of which I have little technical knowledge, and I have had to combine the whole undertaking with my normal academic duties. In spite of these disadvantages, the absence of any general study of Austria since the war has encouraged me to make the attempt.

The chief difficulty in writing about recent events is the lack of reliable sources. Official documents may be inaccessible, and statistics are not always available. The fact that Austria is an occupied country makes the situation worse: the occupying

5: Heissenberger S-4, 5 (no date) 1953 EK1 Austria EK1

INTRODUCTION

121 In my capacity as Foreign Consultant to the Library of Congress, I attempted to provide in this study a report on Austria's postwar economic problems accompanied by a short survey of the Austrian economic theory and related literature.

The survey deals with the reconstruction of Austria in the period from 1945 until 1952, and the major economic elements and features sponsoring the reconsolidation of the country are considered. 647 The ideological reflections elaborated therein are the result of those basic decisions which had been shaped within the scope of the Ministerial Committee for Economic Questions, which is a sub-committee of the Federal Austrian Government. The Ministerial Committee for Economic Questions is a joint bipartisan committee consisting of representatives of the Austrian People's Party and of the Socialist Party of Austria and functions in accordance with the constitutional rules of the Austrian Federal Government. Consequently, resolutions made by it require in each case unanimous vote of its members. Built up on this fundamental basis are the big investment programs of the Austrian Federal Government, which have been carried through during the last years, particularly after the ERP Program started. These programs are set up by the ERP Central Office of the Federal Chancellory in permanent consultation with the competent Ministerial Departments and the interested parties of industry, trade and commerce before a definite decision is taken by the Ministerial Committee for Economic Questions, whence they are reforwarded to the respective sections of the ECA Service.

465 As regards the five agreements about wages 435 and prices reached in the years from August 1947, 652 they were negotiated and passed as a result of common deliberations between the various interested economic associations (Federal Chamber of Industrial Activities, the Chamber of Agriculture, Labor and Trade Union), whereby, in this sector which is so important to the whole economy of the country, a middle line was maintained and the political interests coordinated as far as possible. In this connection it might be considered that all political parties agree in the view that the real wages and salaries of the workers and employees should be maintained, thus

II. ECONOMIC-POLITICAL ISSUES: ANALYSIS AND SOLUTION

The first part of this survey was intended /21 ● to acquaint the reader with a review of opinions, thoughts and trends of the scientific economic works and to furnish him with a cross-section of past and present publications which influence the intellectual profile of contemporary Austria since 1945. The second part shall acquaint the reader with Austria's many economic problems and the important aspects of Austrian economic policy, thus pointing up the expert's ideas and considerations which are at the basis of measures enacted. This will make it possible to get an over-all view of the reciprocal action between the ERP and the various economic sectors within the framework of a national economic balance.

A. The Political and Economic Reestablishment of the Second Austrian Republic. Problems of Austrian Reconstruction.

1. The Political and Economic Reestablishment of the Second Austrian Republic. 648 728

During the Second World War, particularly during the repeated meetings of leading political and military leaders, principles were laid down upon which the postwar political and economic reconstruction of the world should be based. The first of the pertinent documents was the eight-point declaration of the Atlantic Charter of August 14, 1941, by President Roosevelt and Prime Minister Churchill. Both expressed the desire to reinstate sovereign rights and autonomous government in all countries that had become victims of agression. The second basic document of this type was President Roosevelt's New Year's Message (January 6, 1942), concerning the Declaration of the United Nations at Washington, D. C., on January 1, 1942, based upon the principles of the Atlantic Charter. However, of importance to the constitutional reestablishment of Austria, was to be the solemn declaration of the governments of the United Kingdom, the Soviet Union and the United States during the Moscow Conference of Foreign Ministers (October, 1943), providing that one of the aims of this reorientation was that Austria, the first free country to become a victim of Hitler's aggression, must be freed from German rule. The great powers considered the forced annexation of Austria by Germany

AUSTRIA'S ECONOMIC DEVELOPMENT

to stand on her own feet. But the doubts about Austria's viability were not silenced. On the contrary; they were raised with increasing insistence in at least one quarter: amongst the Pan-Germans in Germany and in Austria. To-day, we see more clearly, perhaps, than ever before how the arguments against Austria's economic independence were used to further Germany's imperialist designs, both before and after Hitler's access to power in Germany.

It was not without effect. The constant repetition of the same argument weakened Austria's power of political and economic recuperation and progress.

Nor, as we have seen, has this propaganda failed to make headway elsewhere. The doubts of 1920 still linger on. If, in the following pages, we tell the story of Austria's economic development in her twenty years of independent existence, this is not only to show what has been achieved, and what lessons need to be drawn from the experiences and mistakes of the past, but also to destroy finally the myth of Austria's "inability to live".

At present, there are naturally many initial difficulties to overcome before Austria will become prosperous and economically healthy. These difficulties, however, are simply consequences of a process of looting in the course of seven years during which Austria was harnessed to the German war economy, and of heavy destruction wrought during the last phase of the war. Disruption of transport and traffic, acute shortage of food and other essentials, temporary isolation from the outside world—these are consequences of war which Austria shares with all states of Europe which had been under German rule. It is absolutely clear that without large supplies of food and fuel Europe as a whole will barely be able to live through the first years of peace. Thus, in Austria, too, all available

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energies will have to be directed to securing by improvisation the bare means of existence and survival. Even after the initial period only a gradual progress in reconstruction is to be expected. This book does not intend to deal with the difficult and manifold problems of the immediate post-war emergency measures. It has a wider aim. It proposes, by a critical study of the inter-war period, to outline more generally how Austria, by harnessing all her resources and adapting herself to their best possible use, is able to attain prosperity and to keep pace with a corresponding process of world economy.

Before turning to the development of the inter-war years, however, a few words should perhaps be said about Austria's natural resources and about her economic development before the last war.

NATURAL RESOURCES

Austria, like Switzerland, is a mountainous country, and so the scope for agriculture is naturally limited. Only 28 per cent of the total area is arable land, while another 30 per cent is taken up by permanent meadow and pasture. This compares with 47 and 18 per cent respectively for Czechoslovakia, 68 and 19 per cent for Hungary (a typical agricultural country), while the percentages for Germany[1] are 46 and 17 and for the United Kingdom[2] 24 and 31 respectively. Accordingly, Austria belongs to the industrial and food-importing nations of Europe. Even so, her soil and climatic conditions have favoured the growth of certain special branches of agriculture, such as those connected with milk and milk products and fruit growing.[3] In these fields an export surplus had been achieved by the beginning of the thirties.

"Land not under cultivation" takes up as much as 42 per cent of the total. That 42 per cent represents, how-

1 [In 1930, i.e. exclusive of the Saar territory]
2 [Figures for 1937]
3 [Cf. Cat. 116, p. 12 — Analyst]